

Investor's Delight - Singer India Ltd. (SIL) - Turning around smartly...

Date	September 07, 2012
BSE Code	505729
Promoter's holding (%)	78.26
FV	Rs. 10
Equity Share Capital (Rs. in mn)	107.4
Market Capitalization (Rs. in mn)	790
52 week high/low	73.70 (7 th Sept, 2012)/26.50 (21 st Dec 2011)
CMP	Rs. 73.7
Recommendation	"BUY"
Target	Rs. 141
Upside (%)	91
Horizon	1-2 years

Since 1851, the name Singer has been synonymous with sewing. The spirit of practical design and creative innovation that characterized the Company at its beginning continues today as the companies develop products for every level of sewing. The Company has celebrated many firsts, including the world's first Zig-Zag machine the "Fashion Maker".

The Company has been on a restructuring spree. SIL has turnaround smartly and has wiped off its losses worth Rs. 6.46 crores as on 30th June 2011. With the successful implementation of the restructuring scheme, the Company's Reserves and Surplus have turned positive at Rs. 3.76 crores as on 30th June, 2012. The Company reported a net profit of Rs. 3.80 crore for the fourth quarter ended June 30, 2012, against loss of Rs. 1.88 crore in previous year quarter. For the year ended June 2012, the industrial machinery maker has recorded over three-fold jump in net profit at Rs. 10.21 crore over the previous year. This turnaround was possible from the company's successfully steering a steady course of restructuring its business while implementing the rehabilitation scheme sanctioned by the BIFR. Meanwhile, the company is actively working on restarting its Jammu Plant as well to manufacture sewing machines.

At the CMP, the stock is attractively priced at 5x at June 30, 2012 annualized EPS despite rallying from Rs. 29 levels. We believe, going ahead, the Company is going to perform much better as it is focusing on consumer appliances business as well which would improve its profitability. We assign a P/E of 10x at June 30, 2012 annualized EPS to arrive at a target price Rs. 141 for investors with 1-2 year horizon.

About the Company

Singer made an entry into the Indian sub-continent when it established its office in Bombay in the year 1951, the commercial hub of this sub-continent. Singer and sewing were to soon become synonymous. Now, 137 years later Singer is a leading player in sewing machines.

The company got incorporated on October 19, 1977 mainly for acquiring the business and undertaking of the Indian branch and it obtained the Certificate of Commencement of Business on March 13, 1978.

Product range of the company includes:

The company is mainly engaged in the manufacturing of Sewing machines

Straight Stitch

- a) Singer Premium
- b) Singer Popular
- c) Singer Star
- d) Merritt Magna
- e) Merritt Taylor

Zig Zag

- a) Singer 8280
- b) Singer4228
- c) Singer 2818
- d) Singer Trendy

Industrial

- a) Merritt 8103
- b) Merritt Finedge
- c) Merritt Workmate
- d) Merritt Craftsman
- e) Merritt Universl
- f) Merritt Stitch Master

Milestones:

- 1851- Isaac Merritt Singer formed I.M. Singer & Company with New York lawyer Edward C. Clark, following Singer's first lockstitch sewing machine patent. The Singer Sewing Machine is offered for sale all over the United States. Within two years Singer is the leading manufacturer and marketer of sewing machines in the United States.
- 1852- Singer patented a tension device.
- 1853- I. M. Singer & Co. sets-up corporate offices and a manufacturing facility in New York City. Company is renamed Singer Manufacturing Company.
- The first Singer sewing machines, manufactured in New York, sell for \$100 each.
- 1855- Singer becomes the world's largest sewing company. Singer begins overseas expansion, starting in Paris, France, making Singer the world's first international company.
- A Singer sewing machine was awarded a first prize at the World's Fair in Paris.
- 1856- Edward Clark originated the hire-purchase plan, the prototype for all installments selling or time payment purchases. As a result, individuals with even meager income could own a Singer sewing machine. Even better, they could increase their productivity, earn more money and improve their position in life.
- 1857- First Singer showroom and headquarters located at 458 Broadway, New York City.
- 1858- The first lightweight domestic machine, the 'Grasshopper,' was introduced.
- Unit sales topped 3,000 a year.
- Singer opened three manufacturing plants in New York City.

- Singer opens an operation in Brazil.
- 1859- Singer received first of three patents for lock-stitch vibrating shuttle machines.
- 1861- Foreign sales exceed U.S. sales for the first time.
- 1863 -The company was incorporated as the Singer Manufacturing Company, holding 22 patents and with capital assets of \$550,000. Some 20,000 home sewing machines were being sold annually.
- 1865- The 'New Family' sewing machine introduced.
- 1866- Singer patented an oscillating shuttle sewing machine.
- 1867- Singer opens its first factory outside of the United States, in Glasgow, Scotland.
- 1868- Cabinet factory opened in South Bend, Indiana.
- 1870- The Singer Company sells 170,000 machines.
- The Singer Manufacturing Company opened sales and distribution centers in England.
- The Singer Red "S" girl trademark made her debut. Her trademark is produced in several languages, becoming one of the most recognized trademarks in the world.
- 1870- Red 'S' girl trademark made her debut-destined to become one of the best known emblems in the world.
- 1871- Singer's Bridgton factory became the largest in Britain.
- Unit sales reached 180,000 a year.
- 1872- Elizabethport, New Jersey became the site of a large, state-of-the-art manufacturing facility.
- 1873- With the official opening of the factory in Elizabethport, the Singer Manufacturing Company became a New Jersey Corporation under a special charter.
- Canadian manufacturing began.
- 1875- I.M. Singer dies in Torquay, England at age 63.
- 1880- An Edison electric motor drives a sewing machine.
- Singer sewing machine sales worldwide exceed 500,000 machines. Additional factories are established in the United States.
- 1881-Factory opened in Cairo, Illinois.
- 1882-Factories opened in Montreal, Quebec, Canada and Floridsdorf, Austria.
- 1883- To meet growing demand in Europe, Singer opened the largest sewing machine factory in the world in Kilbowie Scotland. This factory at one point employed 12,000 workers and its most distinctive feature was the second largest clock tower in the world at almost 200 feet high.
- 1884- Statue of Liberty, believed to be in Isabella Singer's likeness, is given to U.S.
- 1889-Singer introduced the first practical electric sewing machine.
- 1890-Singer claims 80% worldwide market share in sewing machines.
- 1891-First use of electric motor to power a commercial machines.
- 1892-Singer developed a commercial zigzag machine.
- 1900-Singer Company was producing 40 different sewing machine models.
- The 'Singer 66' was introduced.
- Kilbowie, Scotland factory renamed Clydebank.
- 1902-Factory opened in Podolsk, Russia.
- 1903-Annual sales reach 1.35 million machines worldwide.
- 1904-New factories opened in Wittenberge, Prussia and St. John's, Quebec, Canada.
- Russian corporate headquarters opened. It was Russia's first steel girder structure.
- Singer Sewing Machine Company became the sales and distribution division of Singer Manufacturing Company.

- 1905-Singer acquired Wheeler and Wilson Manufacturing Company.
- 1907-Factory opened in Bridgeport, Connecticut.
- 1908- Singer Building at 149 Broadway in New York City opens. At the time of its completion it was the first skyscraper and the tallest building in the world, standing at 47 stories, 612 feet tall. It was headquarters for the Executive Office for 54 years.
- 1913-Singer sales reach 3 million machines worldwide.
- 1921- Singer introduced the 'Portable Electric,' an electric-motor powered model 99K.
- 1927- First Singer Sewing Center, offering sewing courses, was introduced in New York City.
- 1929- Nine worldwide Singer manufacturing facilities exist, employing 27,000 people and producing 3,000 models.
- Singer purchased the Standard Sewing Machine Company.
- First vacuum cleaner introduced, launching Singer's strategy of diversification beyond sewing machines.
- 1933- Singer introduced its 'Featherweight' at the Chicago's World Fair.
- Factories opened in Monsa, Italy and Bounieres, France.
- 1949- Singer developed Model 95K capable of 4,000 stitches per minute.
- 1950- Plant opened in Anderson, South Carolina.
- 1951- Singer Sewing Centers train an estimated 400,000 housewives.
- Singer recovers from World War II when sewing machine production was suspended, reaching \$307.8 million in sales during its centennial year.
- 1952- Singer introduced the model 206, its first zigzag machine.
- 1955- New factory in Campinas, Brazil opened.
- 1957-Annual sales reached \$359 million.
- 1958- Annual sales reached \$507 million.
- 1960- Singer begins diversification. In the following years the Company will make acquisitions in electric and electric test equipment and office machinery, including Packard Bell Electronics (1966) and General Precision Equipment Corporation (1968).
- 1961- Executive Office moved to 30 Rockefeller Plaza, New York City.
- 1963- The Singer Manufacturing Company changed its name to 'The Singer Company.'
- 1965-Singer introduces the 'Touch and Sew' sewing machines.
- Consolidated sales reached \$979.8 million.
- 1966-Consolidated sales reached billion-dollar mark for the first time.
- 1970-Sales first topped \$2 billion.
- 1971- Consolidated sales were \$2.1 billion; shareholders numbered over 60,000. Singer employed nearly 120,000 people worldwide.
- 1973 - Company stock was listed on the London Stock Exchange.
- Annual Sales reached \$2.5 billion.
- 1975 - Singer introduces the world's first electronic sewing machine, the Athena 2000.
- 1978 - Singer introduced the Touchtronic 2001, the world's first computer-controlled machine.
- 1979- Singer Headquarters are relocated to a new facility in Stamford, Connecticut.
- 1985- Singer introduced an entire new line of state-of-the-art sewing machines with models designed to meet individual needs and budgets. These machines were built with 'Duratec,' a unique material which is stronger and lighter than aluminum yet provides double insulation. These easy to use sewing machines ranged from basic to

the most sophisticated sewing machines and included a top-of-the-line electronic sewing machine which had the capacity to produce an unlimited number of stitch patterns, monograms, embroidery, and even sews sideways.

- 1989- Singer introduced the 9900 Unlimited with the largest microprocessor ever incorporated in a sewing machine.
- 1990- Singer introduced the 9900 Unlimited which contained the largest microprocessor ever incorporated in sewing machines. The model 9900 had many easy-to-use, time-saving features including a LED message center offering practical advice to the sewer.
- 1990- Singer introduced the QUANTUM® line, a new series of sewing machines specifically for the professional and avid sewer who demands performance, ease-of-use and state of the art features.
- Singer introduced the Magic Steam Ironing Press™, an at-home version of presses found in most tailor shops and dry cleaning stores.
- 1990- The Quantumlock 4 and Quantumlock 5 overlocks offered exceptional performance with the most stitches available on any overlock.
- 1990- The Magic Steam Ironing Press was introduced, an at-home version of presses found in most tailor shops and dry cleaning stores. The Magic Steam Press cut ironing time in half and included a variable temperature control and automatic shut-off safety feature, plus burst of steam for stubborn wrinkles.
- 1991- Singer celebrated 140 years of innovation.
- In August, the company went public with an initial public offering of 16,239,300 shares.
- 1994- Singer introduced the QUANTUM® XL-100, its top-of-the-line embroidery sewing machine.
- 1995- Singer introduced the Elegance line of sewing machines and the Embroidery Unlimited Machine. The new Embroidery Unlimited machine brought professional embroidery and monogramming to your personal computer.
- 1996-Singer introduced the Millennium Series sewing machines.
- 1997-Singer introduced the Quantum ® XL-1000, the most advanced machine in the market offering a wide variety of memory cards for serious embroiderers.
- Singer Sewing Company's consumer products division relocated to Tennessee.
- 2001-Singer celebrated its 150th Anniversary.
- Singer again launched the world's most advanced home sewing and embroidery machine: the Quantum® XL-5000. The machine offers state of the art features such as a fully automated re
- Threading system, wind-in-place bobbin winding system, and the next generation of Professional Sew-Ware™, making it the most powerful and user-friendly system on the market.

Statement of Assets and Liabilities (Rs. in Lacs)

Particulars	Year ended 30/06/2012 (Audited)	Year ended 30/06/2011 (Audited)
A) Equity & Liabilities		
1) Shareholders' Funds		
a) Share Capital	1,074	1,074
b) Reserves and Surplus	376	(646)
	1,450	428
2) Non-current Liabilities		
a) Other long-term liabilities	127	117
b) Long term provisions	51	40
	178	157
3) Current Liabilities		
a) Short term – borrowings	-	71
b) Trade Payables	1,678	1,319
c) Other current liabilities	286	175
d) Short – term provisions	941	906
	2,905	2,471
Total – Equity & Liabilities	4,533	3,056
B) Assets		
1) Non – current assets		
a) Fixed Assets	209	245
b) Deferred tax assets (net)	458	298
c) Long-term loans and advances	89	34
	756	577
2) Current Assets		
a) Inventories	1,909	1,183
b) Trade receivables	593	411
c) Cash and cash equivalents	1,040	619
d) Short-term loans and advances	225	262
e) Other current assets	10	4
	3,777	2,479

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